

## **2006 AERONAUTICS ACCOUNT FUND ESTIMATE ASSUMPTIONS**



Adopted by the California Transportation Commission  
On May 26, 2005

## AERONAUTICS ACCOUNT

The Division of Aeronautics promotes optimum use of existing airports by overseeing a statewide system of safe and environmentally compatible airports that are integrated with surface transportation systems. The Aeronautics Account is the primary funding source for the Division of Aeronautics. Virtually all of the revenues come from an eighteen-cent per-gallon excise tax on aviation gasoline and a two-cent per-gallon excise tax on General Aviation jet fuel.

The Division of Aeronautics allocates funds through the California Aid to Airports Program (CAAP) which is comprised of three separate grant aid programs. The Annual Credit grant program provides \$10,000 per year to 149 eligible publicly-owned General Aviation airports. The second statutory priority for the grant aid program is the State's participation in the local match required for a federal Airport Improvement Program (AIP) grant. With this program, the State provides funding for 5% of the federal grant amount to eligible General Aviation airports. Finally, the Acquisition and Development (A&D) grant aid program provides grants to eligible publicly-owned General Aviation airports for 90% of project costs, subject to fund availability after funding the previous two grant aid programs.

## AERONAUTICS ACCOUNT ASSUMPTIONS

### Fund Estimate Item: Aeronautics Revenues (Items AERO 1-5)

**AERO 1.** The beginning balance for 2006-07 will be calculated on a cash basis as the fund is continuously appropriated.

**AERO 2.** Revenues generated from the excise tax on general aviation gasoline are expected to continue to decline by 5%, as the industry continues to move toward jet fuel-powered aircraft. Conversely, revenue from the excise tax on jet fuel is forecast to gradually increase by 3% throughout the Fund Estimate (FE) period. The net result is a moderate decrease in total resources to the Aeronautics fund.

**AERO 3.** Revenues from Surplus Money Investment Fund (SMIF) interest will be calculated based on the projected year ending cash balances of the Aeronautics Account and the SMIF as of June 30, 2005.

**AERO 4.** Federal Trust Funds represent federal authority to spend federal dollars that are granted for various aviation projects completed by the Division of Aeronautics. Aeronautics support funds are used to meet matching state fund requirements. Federal Trust Funds are escalated at U.S. Commerce Department, Bureau of Economic Analysis (BEA) state and local government implicit price deflator of 2.5 percent annually over the FE period.

**AERO 5.** Transfer to the Public Transportation Account (PTA) per Public Utilities Code, Section 21682.5 is \$30,000 per fiscal year.

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## **Fund Estimate Item: Aeronautics Expenditures (Items AERO 6-10)**

**AERO 6.** The annual funding provided to 149 eligible publicly-owned General Aviation airports through the Annual Credit grant program will remain at the same level throughout the FE period.

**AERO 7.** The AIP match in 2005-06 and 2006-07 is based on the Aeronautics Program adopted in 2004. The remainder of the FE period will be without AIP funding and will be determined when the Commission adopts the next three-year Aeronautics Program in 2006.

**AERO 8.** The A&D in 2005-06 and 2006-07 is based on the Aeronautics Program adopted in 2004. The remainder of the FE period will be without A&D funding and will be determined when the Commission adopts the next three-year Aeronautics Program in 2006.

**AERO 9.** The Federal Aviation Administration AIP four-year reauthorization (VISION 100) sets the level of funding for the federal program and establishes an annual increase of 3 percent.

**AERO 10.** State Operations includes staffing for aeronautics and planning activities. The enacted 2005-06 Budget will be used for State Operations expenditures and escalated using the BEA implicit price deflator rate of 2.5 percent per year over the FE period.